

## MEMORANDUM

## Staff Summary No. 5

**Date:** May 30, 2012

**To:** Members of the California School Finance Authority

**From:** Katrina M. Johantgen, Executive Director

**Subject:** Approving the Allocation of Qualified School Construction Bond ("QSCB") Borrowing Authority to Alliance College-Ready Public Schools in an Amount Not to Exceed \$10,500,000\* under the Charter School QSCB Program and Authorizing the Taking of Necessary Actions in Connection Therewith located in Los Angeles County, California

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The American Recovery and Reinvestment Act of 2009 ("ARRA") provides funding for the new construction or renovation of school facilities through the use of Qualified School Construction Bonds ("QSCBs").

Since 2009, California received more than \$1.42 billion in "volume cap" allocation (not including direct allocations to large local educational agencies) for the issuance of QSCBs. Of this amount, approximately \$141 million has been reserved for use by charter schools through the issuance of conduit revenue bonds by the California School Finance Authority ("Authority") which will be designated as QSCBs.

At its July 14, 2010 board meeting, the Authority board adopted an open application process for its QSCB charter school bond allocation. At the April 13, 2011 CSFA Board Meeting, the board allocated \$22 million to Alliance College-Ready Public Schools ("Alliance") to finance the construction of two school sites, Alliance College-Ready Middle Academy #5 and Alliance College-Ready Academy High #14. . The QSCBs were sold on November 2011, in the amount of \$15,012,675. At this time, Alliance is seeking another QSCB allocation in the amount of \$10.5 million for Alliance College-Ready Middle Academy #8 (also known as Alliance Media Arts Middle School).

It is anticipated that the financing for Alliance College-Ready Middle Academy #8 will be structured with \$10.5 million in QSCB allocation to cover \$8.5 million for land and construction costs, \$990,000 for capitalized interest, and \$1,101,000 for cost of issuance and reserves. The project consists of new construction of a 24,000 square-foot 2-story facility with 20 classrooms plus administrative space at 113 S. Rowan, Los Angeles 90063. The construction schedule has been projected to begin in June 2012 and finish December 2012.

Staff recommends that the Board adopt Resolution 12-24 approving the allocation of \$10.5 million of the QSCB borrowing authority to Alliance for Alliance College-Ready Middle Academy #8 located in Los Angeles, California.